

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6680**

**BILL NUMBER: SB 456**

**NOTE PREPARED:** Dec 22, 2010

**BILL AMENDED:**

**SUBJECT:** Crime Prevention Income Tax Credit.

**FIRST AUTHOR:** Sen. Breaux

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides an income tax credit to a landlord who offers incentives to tenants for reporting criminal activities that result in the arrest and successful prosecution of an individual for the crime of murder, battery, kidnapping, sexual assault, an offense related to a controlled substance, or criminal mischief. It specifies that incentives may include only a cash reward, one to six months of free rent, and one to six months of free utilities. It requires the prosecuting attorney to document to the landlord that the tenant making the report was the cause of the apprehension and that the information provided by the tenant led to the conviction of the individual committing the crime. It requires the landlord to submit documentation to the state for the tax credit. The bill also provides that the tax credit is 100% of the value of the incentive received by the tenant as certified by the tenant.

**Effective Date:** January 1, 2011 (retroactive).

**Explanation of State Expenditures:** The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to reflect the new tax credit. In addition, the DOR is required to report to the Legislative Council before December 31 every other year beginning in 2011 concerning the use of the credit. They must include the number of taxpayers claiming and receiving the credit, any reports of abuse of the credit, and any other information that they consider necessary concerning the use and effectiveness of the credit. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

**Explanation of State Revenues:** *Summary* -This bill provides a new tax credit for landlords who provide a qualified crime reporting program to their tenants beginning in tax year 2011. This tax credit will reduce

revenue to the General Fund by an indeterminable amount beginning in FY 2012.

**Background Information** - This bill provides a tax credit to landlords who provide a qualified crime reporting program that includes incentives for their tenants to report criminal activity on the landlord's property to a law enforcement agency. The incentives offered to tenants for reporting criminal activity must be one of the following: (1) a cash reward that does not exceed the value of six months of free rent; (2) a reward of one to six months of free rent; or (3) a reward of one to six months of free utility services. The landlord would be entitled to a tax credit against their Adjusted Gross Income (AGI) tax liability equal to the amount of the incentive reward provided to their tenants through the qualified crime reporting program. In order to receive the tax credit, the landlord must provide a document signed by the prosecuting attorney's office stating that the tenant reported activities, that the report was the cause of the apprehension of the individual, and that the information provided led to the conviction of the individual committing the crime.

If the amount of the tax credit exceeds the taxpayer's AGI tax liability, the credit may be carried forward to succeeding taxable years. However, the tax credit may not be refunded or carried back. The tax credit may be claimed against the AGI tax on individuals and corporations. Revenue from the AGI tax is deposited in the state General Fund.

The definition of "crime" for purposes of this bill includes murder, battery, kidnapping, sexual assault, an offense related to a controlled substance, or criminal mischief. In CY 2009, the Department of Correction reported that 4,627 offenders were committed to the Department's facilities for the following offenses.

Offense	Indiana Code Citation	Number of Offenders
Murder	IC 35-42-1-1	91
Battery	IC 35-42-2-1	481
Kidnapping	IC 35-42-3-2	2
Sexual Assault	IC 5-26.5-1-8	676
Controlled Substance	IC 35-48-4	3,277
Criminal Mischief	IC 35-43-1-2	100

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOR.

**Local Agencies Affected:** Prosecuting Attorney's Offices.

**Information Sources:** Department of Correction.

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